

DANMARKS NATIONALBANK

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FOREIGN DIRECT INVESTMENT, FLOWS, 3RD QUARTER 2017

Danish outward FDI decreased in 3rd quarter

Danish outward FDI decreased by kr. 9.4 billion in 3rd quarter 2017. Equity investments were reduced by kr. 11.6 billion, whereas intercompany debt and trade credits rose by kr. 2.2 billion. Among other things, the reduction can be attributed to decreasing shares in foreign private equity funds.

Conversely, Danish inward FDI increased by kr. 3.7 billion and is partly influenced by the sale of the Ørsted group's (formerly DONG) oil and gas business to foreign investors.

The long-run trend in Danish outward FDI is primarily driven by the international expansion of Danish companies in other advanced economies. The same investment pattern applies to many other countries, namely that advanced economies receive the largest share of global FDI.

Since 2005, Danish companies have accumulated kr. 580 billion in FDI transactions abroad, of which 504 billion have been placed in other advanced economies. In terms of transaction volume, the majority of Danish outward FDI has been invested in other EU member states, Singapore and the USA. This country composition has been relatively stable over time and indicates that FDI represents long-term economic relations.

FDI statistics are compiled according to the immediate counterpart, i.e. the immediate host country that receives the investment, which may differ from the ultimate destination. For instance, Danish FDI in China is often channelled via entities in Hong Kong. Hence, Danish FDI in other advanced economies is to some extent ultimately directed towards emerging and developing economies.

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